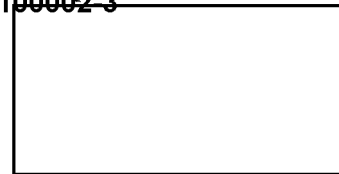




Director of
Central
Intelligence

Approved For Release 2004/07/08 : CIA-RDP79T00975A031100100002-3

Top Secret



National Intelligence Daily (Cable)

12 February 1979

State Dept. review completed

Top Secret



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SITUATION REPORTS

IRAN

The situation in Iran remains extremely fluid, and sporadic fighting apparently is continuing. The Islamic opposition movement appears on the verge of taking complete control of the government. There is no assurance that law and order can be restored in Tehran soon, and the risk to Americans in the country is high.

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//Tehran radio announced late yesterday that Prime Minister Bakhtiar has resigned.

Bakhtiar had earlier met with Ayatollah Khomeini's prime minister - designate Mehdi Bazargan, but we have no details of the meeting. Bazargan later announced that the chief of the Supreme Commander's Staff, General Gharabaghi, has agreed to back a Bazargan government.//

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Khomeini's supporters took control of the radio station and announced that the parliament has resigned. Unconfirmed press reports indicate some military leaders have been captured by the opposition.

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Despite the apparent willingness of the military to accept Khomeini's takeover, there remains the danger that some hardline officers in the military may still try to resist Bazargan. It is questionable whether the hardliners can secure much support among the rank and file at this point.

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Another danger in the current situation is the lack of cohesion in the opposition. Although Khomeini appealed to his followers last night to remain calm, he probably is not able to keep in check all of his supporters, many of whom are now armed for the first time.

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//The most serious aspect of the situation, however, is that leftist groups in Tehran may try to take advantage of the confusion to improve their own position. According to one report, some of those who participated in the attacks on police stations this weekend are members of the Marxist terrorist group known as either the People's Sacrifice Guerrillas or the Chariks. How much strength they have is unknown, but they apparently are well armed.//

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CHINA-VIETNAM-USSR

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No major military development occurred along the Sino-Vietnamese border over the weekend,

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China's Foreign Ministry on Saturday issued a "strong protest" against Vietnamese "military provocations." This was followed yesterday by a warning from Vice Premier Li Xiannian that Vietnam not "turn a deaf ear to Chinese words." Li said that the Vietnamese have "occupied some Chinese territory" and that the "Chinese people are highly indignant about this matter." These statements repeat warnings last issued by the Foreign Minister on 18 January. The Chinese also claimed yesterday that the Vietnamese have planted mines and provoked clashes on Chinese territory.

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In an article in *Pravda* on Saturday, the Soviets made their most authoritative comment to date on the Chinese military buildup along the Vietnamese border. The commentary--signed by I. Aleksandrov to denote high-level approval--was surprisingly restrained and notable for the absence of either a warning to the Chinese or an expression of support for Vietnam.

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While the article reflects genuine Soviet concern that the Chinese will attack Vietnam, there is no indication of how the Soviets would respond to such an attack. The commentary does not mention the Soviet-Vietnamese friendship treaty. It also does not refer to Chinese Vice Premier Deng Xiaoping's visit to the US; such a reference could have laid the foundation for a Soviet allegation that a Chinese attack on Vietnam had been inspired during talks in Washington.

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Another Soviet commentary on Saturday, however, apparently was intended to signal to the US that Moscow considered other, more negative interpretations of the situation before opting for the tone of the *Pravda* article. Soviet commentator Valentin Zorin, in a broadcast

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far less authoritative than the *Pravda* commentary, asserted that Deng's visit to the US effectively put Washington on notice that China may invade Vietnam. [REDACTED]

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In addition, Zorin cited the Soviet-Vietnamese friendship treaty and declared that a major Chinese move against Vietnam--even if it comes some weeks after the visit--could have a negative effect on US-Soviet relations. Like the *Pravda* article, the Zorin commentary contained no statement aimed at deterring Chinese actions. [REDACTED]

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USSR: Cutback in Oil Deliveries

//Recent reports indicate that the USSR may have reduced or suspended oil deliveries to some customers in Eastern and Western Europe. [REDACTED]

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[REDACTED] Normally the Soviets provide 65,000 barrels per day to Sweden, mainly in oil products. The Soviets cited shortages caused by the Iranian cutoff of natural gas shipments to the USSR. These shortages are being replaced in part by domestic oil. Turkish petroleum officials have indicated that the Soviets reneged on an agreement to sell 60,000 barrels per day of oil to Turkey in exchange for wheat. The Soviets have, however, now agreed to sell Turkey about 20,000 barrels per day of oil for cash. The USSR apparently is also reducing energy supplies to Eastern Europe. The Soviet cutoffs may, in fact, be related to the Iranian problem, but Moscow may also be seeking to take advantage of the present spot market for oil, where it can realize \$5 - \$7 per barrel more than oil sold through long-term contracts.// [REDACTED]

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HUNGARY: Possible Kadar Visit to Moscow

//Hungarian newspaper editors reportedly have been told that party leader Kadar will visit Moscow early next month. This probably precludes a trip by President Brezhnev to Hungary this spring, contrary to an earlier assertion by the Hungarian Ambassador in Moscow. Brezhnev's health may have ruled out any such travel in the near future, and Kadar probably is eager for a meeting to discuss Hungarian requests last autumn for Soviet credits and long-term commitments to supply raw materials.// [REDACTED]

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ROMANIA: Agricultural Reorganization

President Ceausescu last week announced a sweeping reorganization of agriculture, which eventually may lead to complete state control of the farm sector. A number of General State and Cooperative Agro-Industrial Councils chaired by local party officials have been created to oversee all agricultural activities in their respective areas. State farms own about 30 percent of the farmland and produce yields much higher than those of cooperative farms that own about 60 percent of the farmland. The regime hopes that through centralized management of resources it can modernize agriculture and boost production. Private farms--mainly on marginal land in remote areas--apparently are unaffected.

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